

**SECTION IX MANAGEMENT INFORMATION****A. INTRODUCTION****B. ANNUAL FINANCIAL STATEMENTS****C. INTERIM FINANCIAL STATEMENTS****D. ANNUAL GENERAL PURPOSE FINANCIAL STATEMENT  
DISCLOSURE CHECKLIST**



## **A. INTRODUCTION**

One of the major goals of this manual is to provide the basis for effective management information reporting. Although management decisions are frequently based on other than financial considerations, they should be made with an awareness of the financial implications of such decisions.

To assist in the evaluation of current programs and activities, planning for future operations, and the exercise of prudent budgetary control, management should be provided with timely financial information presented in a logical, lucid format that permits rapid interpretation. Adherence to the accounting principles and practices presented in this manual will facilitate the preparation of accurate, timely and informative financial statements which meet these needs of management.

The management information reporting described herein includes the data provided internally to management to satisfy their needs in performing their day to day tasks as well as the reports required by management at year end in order to meet managements needs.

School systems generate financial and statistical data which are used to provide information that management may request in order to make decisions. The financial data are ordinarily found in the formal books of account of the school district. Most of the statistical data are pupil information, employee information, subject-program information, etc. If a formal method of compiling, reporting and storing these data is developed it is called a management information system.

An additional resource for district personnel is a publication by the Michigan School Business Officials entitled "A Handbook for School Business Officials in Michigan" that has a chapter covering the financial management for school districts. The publication provides suggestions for reporting financial and statistical data.

**FIGURE IX - 1**

**NAME OF SCHOOL DISTRICT COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS**

<b>ASSETS:</b>	<b>GENERAL</b>	<b>DEBT SERVICE, Etc.</b>
Cash	\$	\$
Cash equivalent investments		
Investments		
Receivables:		
Taxes		
Accounts		
Land contracts		
Due from other governmental units		
Due from other funds		
Inventories		
Prepaid expenditures		
Amount available in debt Service Funds		
Amount to be provided for retirement of long-term obligations		
<b>TOTAL ASSETS:</b>	<b>\$</b>	<b>\$</b>
<b>LIABILITIES AND FUND BALANCES:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$	\$
Salaries payable		
Payroll withholdings		
Benefits payable		
Due to other funds		
Due to student groups		
Long-term obligations		
Deferred revenue		
Other liabilities		
<b>TOTAL LIABILITIES:</b>	<b>\$</b>	<b>\$</b>
Fund Balances:		
Reserved for:		
Encumbrances		
Inventories		
Facilities and equipment improvement		
Energy conservation improvements		
Unreserved:		
Designated for subsequent years' expenditures		
Designated for debt service		
Undesignated	\$	\$
<b>TOTAL FUND BALANCES:</b>	<b>\$</b>	<b>\$</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b>\$</b>

**FIGURE IX - 2**

**NAME OF SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, \_\_\_\_\_**

<b>REVENUES:</b>	<b>GENERAL</b>	<b>DEBT SERVICE, Etc.</b>
Local Sources	\$	\$
State Sources		
Federal Sources		
Interdistrict Sources		
Other Sources		
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<b>\$</b>	<b>\$</b>
<b>EXPENDITURES:</b>		
Instruction:		
Supporting Services	\$	\$
Community Services		
Food Services		
Athletic Programs		
Debt Service		
Energy Conservation Improvements		
Capital Outlay		
Trust Expenditures		
OTHER USES - Intefund Transfers	\$	\$
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>\$</b>	<b>\$</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from issuance of notes		
Interfund transfers	\$	\$
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$</b>	<b>\$</b>
Fund Balances -- Beginning of Year	\$	\$
Fund Balances -- End of Year	\$	\$

**FIGURE IX - 3**

**NAME OF SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE,**  
**BUDGET AND ACTUAL (EACH FUND) YEAR ENDED JUNE 30, \_\_\_\_\_**

REVENUES	BUDGET	ACTUAL	OVER (UNDER) BUDGET
Local sources	\$	\$	\$
State sources			
Federal sources			
Interdistrict sources			
Other sources			
Total Revenues and Other Sources	\$	\$	\$
EXPENDITURES			
Instruction:			
Basic programs			
Added needs			
Adult education			
Employee benefits			
Total Instruction	\$	\$	\$
Supporting services:			
Pupil services			
Instructional staff			
General administration			
School administration			
Business services			
Central staff			
Other supporting services			
Employee benefits			
Total Supporting Services	\$	\$	\$
Community services			
Food services			
Athletic programs			
Debt service			
Energy conservation improvements			
Capital outlay			
Contingency			
OTHER USES -- Interfund transfers			
Total Expenditures and Other Uses	\$	\$	\$
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$	\$	\$
OTHER FINANCING (USES)			
Proceeds from issuance of notes			
Interfund transfers	\$	\$	\$
FUND BALANCES -- BEGINNING OF YEAR	\$	\$	\$
FUND BALANCES -- END OF YEAR	\$	\$	\$

NOTE: This statement should be prepared for each fund for each budget adopted

FIGURE IX - 4

**NAME OF SCHOOL DISTRICT**  
**BALANCE SHEET -- INTERIM STATEMENT**

**Fund:****Date Ending:**

ASSETS:	GENERAL	DEBT SERVICE, Etc.
Cash	\$	\$
Cash equivalent investments		
Investments		
Receivables:		
Taxes		
Accounts		
Land contracts		
Due from other governmental units		
Due from other funds		
Inventories		
Prepaid expenditures		
Amount available in Debt Service		
Amount to be provided for retirement of long-term obligations		
<b>TOTAL ASSETS:</b>	<b>\$</b>	<b>\$</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$	\$
Salaries payable		
Payroll withholdings		
Benefits payable		
Due to other funds		
Due to student groups		
Long-term obligations		
Deferred revenue		
Other liabilities		
<b>TOTAL LIABILITIES:</b>	<b>\$</b>	<b>\$</b>
Fund Balances:		
Reserved for:		
Encumbrances		
Inventories		
Facilities and equipment improvement		
Energy conservation improvements		
Unreserved:		
Designated for subsequent years' expenditures		
Designated for debt service		
Undesignated	\$	\$
<b>TOTAL FUND BALANCES:</b>	<b>\$</b>	<b>\$</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b>\$</b>

# IX

**FIGURE IX - 5**

**NAME OF SCHOOL DISTRICT  
STATEMENT OF REVENUE AND EXPENDITURES -- INTERIM STATEMENT**

**Fund:** \_\_\_\_\_

**Date Ending:** \_\_\_\_\_

REVENUE	BUDGET	ACTUAL	OVER (UNDER) BUDGET	%
Local	\$	\$	\$	
Intermediate				
State				
Federal				
Incoming Transfers and Other Transactions				
Total Revenues	\$	\$	\$	
EXPENDITURES				
Instruction:				
Basic program	\$	\$	\$	
Elementary				
Middle School/Junior High				
High School				
Pre-school				
Other				
Added Needs				
Special Education				
Compensatory Education				
Vocational Education				
Adult/Continuing Education				
Unclassified				
Supporting services:				
Pupil				
Instructional staff				
General administration				
School administration				
Business				
Central				
Other				
Community services				
Outgoing Transfers and Other Transactions				
TOTAL COMMITTED:	\$	\$	\$	



FIGURE IX - 6

**NAME OF SCHOOL DISTRICT**  
**SUPPLEMENTAL SCHEDULE OF REVENUES -- INTERIM STATEMENT**

**Fund:****Date Ending:**

	BUDGETED	ACTUAL	OVER (UNDER) BUDGET	%
Local Sources	\$	\$	\$	
Property Taxes				
Other Taxes				
Penalties and Interest on Delinquent Taxes Received				
Tuition -- Regular				
Tuition -- Adult/Continuing Education				
Tuition -- Summer School				
Transportation Fees				
Earnings on Investments and Deposits				
Rentals				
Private Sources (Contributions)				
Intermediate Sources				
State Sources				
Grants - In - Aid -- Unrestricted				
Grants - In - Aid -- Restricted				
Payments in Lieu of Taxes				
Federal Sources				
Grants - In - Aid -- Unrestricted Direct				
Grants - In - Aid -- Unrestricted Through State				
Grants - In - Aid -- Restricted Direct				
Grants - In - Aid -- Restricted Through State				
Payments in Lieu of Taxes				
Incoming Transfers and Other Transactions				
Payments From Other Governmental Units Within the State				
Payments From Other Governmental Units Outside the State				
Fund Modification				
Other Transfers				
Other Transactions				
<b>TOTAL REVENUES AND INCOMING TRANSFERS AND OTHER TRANSACTIONS</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	

**FIGURE IX - 8**

**NAME OF SCHOOL DISTRICT**  
**CASH FORECAST -- INTERIM STATEMENT**

**Fund:** (General Fund)

**Period Ending:** \_\_\_\_\_

	CURRENT YEAR FORECAST	CURRENT YEAR ACTUAL	FORECAST OVER (UNDER) ACTUAL
Cash Receipts:			
Collection of Taxes	\$	\$	\$
Collection of State Aid			
Collection of Other Grants			
Proceeds from Loans and Interest			
Other Revenue and Receipts			
Total Cash Receipts:	\$	\$	\$
Cash Disbursements:			
Salaries	\$	\$	\$
Employee Benefits			
Service, Supplies and Materials			
Repayment of Loans and Interest			
Other Expenses and Disbursements			
Total Cash Disbursements:	\$	\$	\$
Receipts Over (Under) Disbursements	\$	\$	\$
ADD CASH AND INVESTMENTS AT BEGINNING OF PERIOD			
TOTAL CASH AND INVESTMENTS AT END OF PERIOD	\$	\$	\$

**B. ANNUAL FINANCIAL STATEMENTS**

Annual financial statements provide a report concerning the stewardship of public resources for a fiscal year and the financial status of the district at the close of the fiscal year.

Balance sheets are statements of financial condition which show the assets, liabilities, reserves and fund balances as of a specified date. Statements of revenue, expenditures, and changes in fund balances analyze the effect on fund balances of the financial operations during the reporting period. Balance sheets and statements of changes in fund balances are generally prepared at the end of a fiscal year.

These are three principal annual statements required to adequately report the financial operations of a school district. The first two are the combined balance sheet and the combined statements of revenue, expenditures and changes in fund balance. These statements should cover all governmental fund types, (general, school service, debt retirement, and capital projects), as well as fiduciary funds (Trust and Agency) and account groups, (general fixed assets, and general long term debt). The third statement necessary is a combined statement of revenue, expenditures and changes in fund balance, showing budget versus actual for all budgeted funds.

The sample financial reports noted above are prepared at the end of the fiscal year. The combined balance sheet; all funds, (Figure IX-1), indicates the district's financial position at the end of the fiscal year. (Figure IX-2), shows in summary the revenues, expenditures and changes in fund balance resulting from various transactions that have occurred during the fiscal period.

The combined statement of revenues, expenditures and changes in fund balance - budget and actual, (Figure IX-3), compares the budgeted revenues, expenditures, and change in fund balance to the actuals for the year end accounting period.

The annual year-end financial statements do not provide all the information which management needs to execute its long-range planning responsibilities. These reports must be supplemented with other statistical elements to provide information to make such planning possible.

It is important that management periodically review whether it is complying with all applicable legal and budgeting reporting requirements.

The following sample financial reports are prepared at the end of the year.

### **C. INTERIM FINANCIAL STATEMENTS**

Interim financial statements are prepared for less than a fiscal year. The accounting system utilized by a school district should have the flexibility to produce interim balance sheets and operating statements on a timely basis. Interim operating statements should be designed to compare actual financial operating results with budget estimates for the fiscal year. Also, interim financial statements could be used to prepare budget amendments during the fiscal year.

Various events may occur during the current period which could not have been anticipated when formulating the budget. Revenues may become available which have not been anticipated. Expenditure levels may increase due to uncontrollable conditions. To adequately monitor the basic operating plan of the district interim reports must be designed to detect variances. These reports should be prepared using the accrual basis of accounting with a provision for reporting encumbrances so that management will know the extent of the districts commitments.

There are different levels of management reporting which must be considered: district, building, fund, and program/service area, etc. Each school district must determine at which of the levels they will need information; the informational need of the smaller school districts may be satisfied with reports at the district level, while larger districts would probably need more detailed reporting.

The program/service area level of reporting is where the greatest demand for information lies. This type of reporting will assist the educational managers in determining whether certain programs are economically feasible, and whether existing program/service areas are operating according to financial plan. Separate financial statements should be prepared for each of the funds maintained by a school district.

The following reports in this section may be useful to school district management. There is no requirement that a school district be on data processing equipment to complete these reports, although the examples shown herein would be greatly facilitated by a computer system. These formats are offered as examples only. There is no requirement that all or any of these be prepared exactly in this manner. Districts are encouraged to use such additional reports as may be useful in their particular situations.

## **D. ANNUAL GENERAL PURPOSE FINANCIAL STATEMENT DISCLOSURE CHECKLIST**

The annual audited general purpose financial statements of the district must contain certain disclosures. These disclosures may be required by Generally Accepted Accounting Standards (GAAP) or by various departments of the State of Michigan.

The following checklist is designed to serve as a reminder of the more commonly required disclosures. Caution is advised since each district's situation is unique. Judgment must be used as to materiality and circumstances requiring disclosures. In addition, changes in accounting pronouncements must also be considered.

### **a) GENERAL REPORT CONSIDERATIONS**

(1) The report should include the following combined statements:

- Combined balance sheet - all fund types and account groups.
- Combined statement of revenues, expenditures and changes in fund balances - budget and actual - general, debt retirement and special revenue fund types.

(2) If the district has any proprietary fund types, i.e., nonexpendable trust funds, the report should include the following combined statements:

- Combined statement of revenues, expenses and changes in retained earnings/fund balances - All propriety fund types and similar trust funds.
- Combined statement of changes in financial position - All propriety fund types and similar trust funds.

(3) The following should be included under "other financing sources" or "other uses" rather than revenue or expenditures:

- Residual equity transfers (balance of a fund transferred to another when fund closed) should be shown as an addition or deduction from fund balance.
- "Due to" and "due from" other funds on the combined balance sheet should be equal.

### **b) REQUIRED FOOTNOTE DISCLOSURES**

Summary of Significant Accounting Policies:

- Basis of Accounting of each fund and accounting group.

- Investments - Method of valuation and types of fund, and total dollars for each type by fund if more than one type in a fund.
- Inventories - Method of valuation and types of inventories.
- General Fixed Assets - Capitalization and expenditure procedures.
- Eliminations (if any) - Treatment.
- Name and Purpose of each fund and account group.

**c) BUDGET**

Footnote, including amendments to budget, funds not budgeted, if any, and explanation for difference between the budgetary base and GAAP, if any.

**d) RETIREMENT/PENSION PLAN**

Who is covered, how contribution determined, amount contributed.

**e) SUMMARY OF CHANGES IN LONG-TERM DEBT**

A summary of outstanding debt at year-end including school bond loan and notes payable, a schedule of the annual principal requirements to maturity, the total interest expense for the year, the long-term liabilities for compensated absences, claims and judgments, and capitalized lease commitments.

**f) A SUMMARY OF CHANGES IN GENERAL FIXED ASSETS FOR ALL FUND TYPES**

**g) POSSIBLE ADDITIONAL FOOTNOTE DISCLOSURES**